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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/838,133	04/20/2001	David Verchere	56490.000004	9529

70813 7590 10/03/2008

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EXAMINER	
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ART UNIT	PAPER NUMBER
3625	

NOTIFICATION DATE	DELIVERY MODE
10/03/2008	ELECTRONIC

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RECORD OF ORAL HEARING

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte DAVID VERCHERE

Appeal 2008-0344
Application 09/838,133
Technology Center 3600

Oral Hearing Held: August 14, 2008

Before LINDA E. HORNER, ANTON W. FETTING, and STEVEN D.A. McCARTHY, Administrative Patent Judges

ON BEHALF OF THE APPELLANT:

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The above-entitled matter came on for hearing on Thursday, August 14, 2008, commencing at 1:29 p.m., at the U.S. Patent and Trademark Office, 600 Dulany Street, Alexandria, Virginia, before Kevin E. Carr, Notary Public.

P R O C E E D I N G S

JUDGE HORNER: Good afternoon.

MR. SCOTT: Good afternoon. Yes, my name is Thomas J. Scott of the firm Goodwin Procter. I have with me my colleague Eleanor M. Hines, also of our firm. Just by way of introduction I'd like to explain a little bit of the uniqueness of this invention.

The invention relates, in one embodiment, the ability to create a unique promotional product, on the basis of specific parameters that are generally used in promotional gear. The invention relates specifically, as you know from reading the application, to the kind of product for example you might use at the Patent and Trademark Office, say a polo shirt with the office's logo on it, or a mug or some other kind of product that is to be identified with and uniquely be associated with your organization.

What the invention allows -- and let me say by way of introduction, the prior art was not as efficient and kind of very backward in this area because of -- what one would do is go to one particular type of manufacturer, a person that would do say polo shirts or cups or mugs and then you would have to have negotiation about that particular type of product. Here the invention allows a distributor or a person involved in this particular industry, to offer a variety of products, and then allow them to be configured precisely in the manner that the customer would desire. So the invention is actually product configuration and pricing software.

JUDGE MCCARTHY: But counsel, isn't the subject matter of "claim one" essentially automating what a promotional product broker would have done in the past?

MR. SCOTT: Well, no I don't believe that is correct, because the promotional product broker in the past, and interestingly the principal prior art cited here demonstrates the deficiencies of the prior art. There's only one product available, only one configuration, and you simply are allowed to place your own photograph on that product. And there isn't the ability to select a variety of products. I mean I think that the interesting aspect and the direct answer to your question is that the prior art did not disclose any kind of system for having a variety of products to meet this need.

So in focusing on the claim, the claim requires that you select an item, for example a mug or a polo shirt, you select a manufacturing or finishing technique or process, for example you might want to embroider or print or do whatever kind of finish would be available for that particular product, and then you can either select artwork which you can submit yourself or select from existing artwork on the site, and then you'd link, in the claim, you link those together and then you apply the product you have now configured -- the precise product that you have selected from a wide variety of different kinds of available components -- you then develop a price for that product based on an algorithm that is formulated from the materials submitted by the particular vendors who are going to be a part of this manufacturing process.

So the person -- in other words, you got a price for polo shirts, you got a price for different kind of embroidery techniques, you've got the particular type of artwork based on its complexity; you factor all those together and that develops a unique price for that product, and then because actually -- and this is again, this is another thing that distinguishes this from the prior art, this is a unique new product and therefore under the normal delivery

systems for distributing these kind of products you actually have to develop a new product identifier for this product.

JUDGE McCARTHY: But counsel, aren't promotional products typically done on a one-off basis in the sense that there may be one order for a particular product and then in the future there may be an order for another particular product by a different company or by the same company using different artwork, et cetera, and in which case, wouldn't it be obvious that each time you do that you have to take into account each type of product, the type of process and steps and the type of artwork and pricing in each instance?

MR. SCOTT: Let me focus on your question. The prior art that we are assuming is that a person just orders product and then is going to have it uniquely identified --

JUDGE McCARTHY: Mm hmm.

MR. SCOTT: -- with themselves. In other words, this is a kind of hypothetical prior art situation, not the von Rosen patent at issue here.

JUDGE MCCARTHY: Well in the von Rosen patent, if I understand correctly, you have a soft drink bottle and you're able to place artwork onto that soft drink bottle.

MR. SCOTT: That's correct.

JUDGE McCARTHY: And wouldn't it be just as a matter of common sense, necessary for them to take into account the nature of the artwork in determining how much it's going to cost to produce the thing, and therefore what they need to sell it for?

MR. SCOTT: No, because actually the von Rosen patent doesn't identify different prices for the product that is configured. It's got a set price

for -- the von Rosen patent is assigned to the Jones soda Co., right? Their bubblegum is the best of their products, but what they have is they have a standard product and you can select different flavors of the bottle, but essentially it's an existing product on which you're going to be able to place a photograph; either one you select from the website or from the net and then place on the product. So it really isn't configuring it in a different way, it's just supplying a photograph. For the purpose of argument let's say that is artwork, but it's a photograph that is going to be just inserted into a hole that's available for the picture to be inserted.

JUDGE FETTING: But isn't that configuring?

MR. SCOTT: No, because you're not, well --

JUDGE FETTING: Well, that's a different definition of configuring than I'm used to. How you define configuring?

MR. SCOTT: Well, not in the sense of this invention and the claims at issue here. Because what, and perhaps what I said configuring I misspoke, because that's what the invention relates to, but that's not the way it's defined in the claim. It's identifying the product on the basis of the item.

So let's say in the Jones soda case the item would be the bottle of soda, a process that is -- and in Jones there's only one process. You have a label, and on the end of that label you can insert a picture that you've identified. So there is no selection of the process by which the artwork is going to be placed on the label, and there's certainly no identification process parameter that is how the label is going to be printed. There is a standard in Jones. There's a standard way to print labels and that's what's disclosed and shown.

So I was using the word configured in perhaps an in-artful way, but in terms of the claims presented here Jones is not allowing you to identify those parameters and then create a product which is going to be distinct and unique on the basis of those parameters.

JUDGE FETTING: Jones is allowing you to identify the product in terms of the type of soda and the artwork. Now the process is questionable. That examiner identified the shipping and handling, which is not necessarily associated with the product itself, I guess it depends on whether you consider the order itself the product, but clearly there is some selection going on. Now what the examiner and you point out, and I will point out, is that the word price does not occur in von Rosen, and so the examiner has asserted one form of pricing and you're asserting a different form of pricing and I'm trying to figure out how either one of you know that what you're saying is correct. Because von Rosen simply doesn't seem to say how it's pricing.

MR. SCOTT: Well, I understand from reading von Rosen that -- and that's why I think it doesn't have a pricing algorithm and disagree with the examiner very dramatically -- what it says is that it allows you to identify a quantity. And then, implicit on that basis, and then it tells you where you're going to ship it; and in the commercial world most things that are shipped to you, particularly if you're using a credit card, have a price, right?

So what is implicit in von Rosen is that it is simply an "arith-matic"; I mean it's simply a calculation based solely on the standard price for that product, independent of how it's configured. So that Jones soda has a standard price for 12, 200, and so forth and you just simply extend the price based on the quantity of the order.

JUDGE FETTING: Okay. So you're assuming that that's what it is.

MR. SCOTT: Well, I think that's a fair reading of von Rosen. I mean no, you are quite correct that it does not explicitly say that, but the reason that I draw that conclusion or inference is because I believe that to be a fair reading -- and let me say this. It is certainly what I think a person skilled in the art would understand von Rosen to disclose.

JUDGE FETTING: But getting back to what we said before, wouldn't one of ordinary skill in the art, recognizing that each of these components has a cost associated with it, also know that to the extent that these costs can vary, vary the price in accordance of those variables?

MR. SCOTT: No, I don't think one skilled in the art would necessarily draw that conclusion, because one would have to -- what one would have to do is one would have to modify von Rosen.

JUDGE FETTING: Okay.

MR. SCOTT: I think we all understand that. That anticipation is not what's really at issue here. But to -- what one would have to do to von Rosen say, okay, instead of just one item right, I'm going to give you a choice. I'm going to give you five items, however many, a variety. And then what I'm going to do is I'm going to allow you to decide not only how you want to configure that item, but also how you want to have it processed and put together. Whether you want -- for example the Patent Office, on its logo, would always want the highest quality, right? Maybe at our softball league we would like, just because we know we don't have the same brand identification, maybe we could have a less expensive process perhaps just printed on. And so the pricing is going to be dependent on a number of different factors: the quality of the item, the way in which it's configured,

and the type of art and the complexity of the art work that you're going to choose. I might have the Patent Office logo, indicating the date that it was formed and so forth is fairly complex, whereas maybe this little Goodwin Procter across here would be an expensive -- So you have a set of pricing parameters that are just not even hinted at or it's in any way made obvious by the disclosure of von Rosen.

JUDGE FETTING: But within the new level of knowledge of one of ordinary skill in the art of pricing policy, yes?

MR. SCOTT: Well, I don't know -- that then gets us to what is the art to which this is directed? It really is directed to product configuration and to distributing products. And the person who has that skill set wouldn't necessarily have it in his or her mind, all the complex variables that might go into the pricing of these various options.

JUDGE FETTING: The claim is directed towards pricing. Why would not the relevant art be pricing policy, and marketing and promotion and those types of -- all of the panoply of skills that a person in marketing including pricing needs to know?

MR. SCOTT: I suggest to you that a person in marketing isn't necessarily skilled in pricing. What their field is is promotion right? That is, "I want a product that identifies my firm, my organization".

JUDGE FETTING: You don't consider pricing to be a marketing tool?

MR. SCOTT: I consider pricing to be more associated with accounting and with cost analysis. I would suggest that a person -- I mean, when I'm in the delivery of goods, right? You see, in marketing, I'm delivering an assembled or a promotional thing. When I'm in the actual

manufacturing process and know the various cost elements and what the labor rate is and so forth, that's the person that would know the details of pricing.

I would suggest to you that one of the reasons that von Rosen doesn't go into the detail about that, is because that is not something that is necessarily just simply within the skill of the art. Obviously any person who's in sales knows something about pricing on the basis of the market. But what this is trying to do is bring the pricing back to what the cost of the goods are as well as what the market is going to be.

So I don't know that I necessarily agree with you on that point. Well, I think that I've made it fairly clear our view that anticipation is not a proper basis for rejection here. The von Rosen reference simply does not disclose, as we said, the selection of a particular item from a wide variety, a particular manufacturing process or artwork in any kind of variable degree. But also because you're creating a unique new product here, it doesn't show actually linking these various factors together to create the new product. And it doesn't disclose a technique for pricing on the basis of the constituent components and then assigning a price, or a product identifier. Because that's an essential part of creating a new product, is to have a SKU, a stock keeping unit identifier that will be uniquely identified with this new product.

JUDGE McCARTHY: But if one takes into account -- if you're dealing not only with a bottle of soft drink but a bottle of soft drink that has a particular picture on it, doesn't the picture itself serve as a product identifier?

MR. SCOTT: No, not in a normal sense that people who are in the requisitioning and product delivery business understand. Right? In other words, a product that, all right so --

JUDGE McCARTHY: Is there anything in the specification that defines what the product identifier is?

MR. SCOTT: Yes. It actually identifies it as a stock keeping unit, or SKU in the specification at -- well it defines what a SKU is and it is, yeah and then it says '*if that number or the identifier is associated with a product for inventory purposes.*' And then later in the specification when it talks about that it says that '*the product identifier is an inventory control number.*'

That's another thing that I think von Rosen completely fails to show, because it isn't focused on creating a new product at all. It's focused on making a minor modification to an existing set product to, you know, to have -- and at least in one implementation you could put your child's picture on there or your cousin's, and it would be a kind of promotional item for an individual, but it's not promotional in the sense of a kind of promotional product and corporate logo type of product range that the invention is directed to.

JUDGE FETTING: But von Rosen is clearly sending out an order. That order number at least is a product identifier.

MR. SCOTT: No. I disagree with that. A product identifier is something that is kept for inventory purposes. So for example --

JUDGE FETTING: Well an order number is kept for inventory purposes.

MR. SCOTT: Well, you go, you know, onto the Internet and you are going to buy a T-shirt or any item, in fact. "Conventional" in requisitioning

is for you to -- because a product identifier might allow you to buy a product from a number of different sources. So I mean for example here in the patent, obviously you might want to buy paper or a computer. And there's a product identifier associated with those various items and that's what you use to order it. The order number is the specific response of the provider to your requisition for that particular item. So I think it would be wrong to say that one skilled in the art would understand an order number to be a product identifier. It's an identification of a particular order of a particular product.

I do just want to make a couple of points, just to make sure that some of the things the examiner said, our views on them are clear. The examiner criticized our response to some of the dependent claims, saying that we didn't particularize our objections. The point I want to make is what we said there was -- that von Rosen doesn't show the selection of an item or a process or of an art work and therefore a fortiori it does not show the selection of a template for an item, or a template for a process or a template for a particular artwork. So I think the examiner isn't properly responding to our point when he said 'well you didn't say what was particularly wrong here.' Yes, we said there was no item identified and so therefore there is no item template.

JUDGE HORNER: We are running a little short on time.

MR. SCOTT: Oh yeah, I did not mean -- I'll just say one last thing.

JUDGE HORNER: All right.

MR. SCOTT: As to the question of the price break, I don't believe, for the reasons I've just already articulated, that that just naturally falls within the level of skill in the art. All right?

JUDGE HORNER: Thank you.

MR. SCOTT: Thank you very much.

(Whereupon, at approximately 1:55 p.m., the proceedings were concluded.)